

## Message Text

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DRAFTED BY S:LSEAGLEBURGER  
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S/S: DMILLER

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TO AMCONSUL JERUSALEM IMMEDIATE

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EXDIS TOSEC 1059

E.O. 11652:

TAGS:

SUBJECT: IDA AND INDIAN NUCLEAR TEST

FOR THE SECRETARY FROM EAGLEBURGER

1. SECRETARY SIMON SENDS YOU THE FOLLOWING MESSAGE.  
BEGIN QUOTE:

A. WE WILL BE FACED WITH SEVERAL UNAVOIDABLE PUBLIC TESTS  
NEXT WEEK REGARDING OUR POSTURE ON INDIAN NUCLEAR  
EXPLOSION FOR WHICH EXISTING INSTRUCTIONS ARE INADEQUATE.  
I WILL BE TESTIFYING ON TREASURY DEPARTMENTAL APPROPRIA-  
TIONS IN THE SENATE AND WILL UNDOUBTEDLY BE QUERIED BY  
PRESS IN OTHER PUBLIC APPEARANCES.

B. HOWEVER, KEY ISSUE IS SENATE FLOOR VOTE ON IDA RE-  
PLENISHMENT NEXT WEDNESDAY WHICH WILL DETERMINE WHETHER  
OR NOT IDA WILL SURVIVE AS AN INSTITUTION. INDIAN NUCLEAR  
TEST AND WIDESPREAD PUBLIC REACTION AGAINST IT POSES  
SERIOUS THREAT TO FAVORABLE SENATE OUTCOME, PROVIDING  
POLE AROUND WHICH OPPOSITION IS ATTEMPTING TO CRYSTALLIZE  
A GROWING EROSION OF PRESENT MAJORITY SUPPORT FOR IDA.  
INDIA RECEIVES 35 TO 40 PERCENT OF IDA LENDING AND WOULD

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STAND TO RECEIVE ROUGHLY \$2 BILLION OUT OF PROPOSED \$4.5

BILLION IDA FOURTH REPLENISHMENT (THIS IS ALSO ABOUT WHAT

THEY REPORTEDLY SPEND YEARLY ON MILITARY EXPENDITURES). BYRD OF VIRGINIA HAS ALREADY MADE LINK ON SENATE FLOOR AND WILL CHARACTERIZE IDA BILL AS MEANS OF UNDERWRITING INDIAN NUCLEAR WEAPON DEVELOPMENT.

C. ANOTHER PUBLIC TEST WILL OCCUR WHEN HENNESSY TESTIFIES NEXT TUESDAY MORNING 10 A.M. BEFORE SENATOR INOUE'S SUB-COMMITTEE ON APPROPRIATIONS FOR ALL OF THE INTERNATIONAL FINANCIAL INSTITUTIONS, INCLUDING THE FINAL \$320 MILLION INSTALLMENT ON OUR CURRENT PLEDGE TO IDA. THE INDIAN NUCLEAR ISSUE WILL BE RAISED IN CONNECTION WITH OUR CURRENT FUNDING AS WELL AS NEXT YEAR'S PLANNED FIRST APPROPRIATION UNDER IDA IV. OTHER KEY FIGURES ON SUB-COMMITTEE WHO SUPPORT IDA BUT WHO MAY BE EXPECTED TO OPPOSE INDIAN TESTING ARE HATFIELD, MCGEE, PROXMIRE, BROOKE, CHILES AND MATHIAS.

D. FOURTH, THE WORLD BANK AGENDA NEXT TUESDAY INCLUDES A \$150 MILLION IDA INDUSTRIAL IMPORTS CREDIT FOR INDIA WHICH WAS SCHEDULED WELL PRIOR TO THE INDIAN ANNOUNCEMENT OF THEIR NUCLEAR TEST. ALTHOUGH OUR POSITION ON LOANS IN BANK BOARD NOT GENERALLY KNOWN, GIVEN PUBLIC INTEREST IN THIS, IT IS LIKELY IT WILL BECOME KNOWN.

E. WE NEED YOUR APPROVAL ON THE LINES OF ARGUMENT TO BE EMPLOYED IN THE ABOVE SITUATIONS. I PROPOSE TO ANSWER QUERIES TO ME, AND ALSO TO HAVE HENNESSY RESPOND TO APPROPRIATIONS SUB-COMMITTEE QUESTIONING, ALONG THE FOLLOWING LINES:

INNER QUOTE: WE RECOGNIZE THE APPARENT CONTRADICTION BETWEEN INDIA'S EXPENDITURE OF SIZEABLE SUMS FOR TESTING OF NUCLEAR DEVICES AND INDIA'S MOUNTING NEED FOR FINANCING FOR PRODUCTIVE ECONOMIC DEVELOPMENT AND TO MEET THE EMERGENCY NEEDS OF HIGHER OIL, FOOD AND FERTILIZER PRICES. THE GREAT BULK OF INDIA'S NUCLEAR EXPENDITURES AND ACTIVITY -- WE UNDERSTAND -- HAS BEEN DIRECTED TO PEACEFUL USES AND THE INDIAN GOVERNMENT

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HAS SAID THAT THE DEVICE IT TESTED WAS WITH PEACEFUL USES IN VIEW. CERTAINLY NUCLEAR POWER WILL BE IMPORTANT TO INDIA'S FUTURE DEVELOPMENT. IF THIS PEACEFUL CHARACTER TURNS OUT TO BE THE CASE, THE APPARENT CONTRADICTION DISAPPEARS. WE OBVIOUSLY NEED TO FIND OUT MORE DETAILS ABOUT INDIA'S NUCLEAR TEST PROGRAM BEFORE IT IS CLEAR THAT THAT PROGRAM IS NOW CONTRARY TO INDIA'S LONG-RANGE ECONOMIC DEVELOPMENT.

WE ARE SURE THAT ALL THE GIVERS OF EXTERNAL AID WILL

WISH TO MAKE FURTHER INQUIRY OVER TIME INTO THIS AND INTO THE QUESTION OF WHETHER OR NOT THE ECONOMIC RESOURCES INDIA IS DEVOTING TO NUCLEAR DEVELOPMENT REQUIRE AID GIVERS TO ADJUST THEIR AID PROGRAMS. END INNER QUOTE.

FYI. IN MY OPINION, UNLESS WE PRESS INDIA TO PROVIDE SHORTLY CONVINCING EVIDENCE THAT ITS NUCLEAR DEVELOPMENT WILL BE ENTIRELY PEACEFUL IN NATURE, THERE WILL UN- AVOIDABLY BE A SIGNIFICANT IMPACT ON OUR AND OTHERS' ABILITY TO GIVE AID TO INDIA. THERE WILL ALSO BE A SIGNIFICANT IMPACT ON OUR ABILITY TO HELP OTHER LDCS THROUGH IDA AND THE WORLD BANK. IN THIS CONNECTION, I WOULD APPRECIATE YOUR REACTION ON WHETHER WE SHOULD GO AS FAR AS TO SUGGEST THE DESIRABILITY OF THE INTERNATIONAL COMMUNITY WORKING OUT WITH INDIA MEANS OF MONITORING INDIAN NUCLEAR DEVELOPMENT MORE CLOSELY, TO ENSURE THERE IS NO PROLIFERATION OF NUCLEAR MILITARY CAPABILITY WHICH WE STRONGLY OPPOSE. END FYI.

F. WITH RESPECT TO SENATE FLOOR DEBATE WEDNESDAY ON IDA IV, AUTHORIZATION, I BELIEVE WE MUST BE IN A POSITION TO ASSURE A FEW KEY SENATORS PRIVATELY THAT, IF WE ARE UNABLE TO OBTAIN MEANINGFUL AND VERIFIABLE GUARANTEES FROM INDIA THAT THEIR NUCLEAR RESEARCH IS IN FACT FOR PEACEFUL USES AND THAT THEY WILL WIND DOWN ANY ELEMENT NOW DEVOTED TO WEAPONRY, THEN WE MAY BE FORCED TO REVIEW OUR POSTURE ON AID TO INDIA. IN OTHER WORDS, I BELIEVE THAT SAVING IDA IN THE SENATE REQUIRES EVIDENCE TO THE SENATORS THAT THE ADMINISTRATION IS MAKING A STRONGER FOLLOW-UP IN NON-PUBLIC WAYS AGAINST THE INDIAN ACTION THAN WAS EVIDENT IN THE SECRET

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STATEMENT BASED ON THE GUIDANCE IN DAMASCUS 764.

G. FINALLY, WITH RESPECT TO IDA LOAN TO INDIA, WE WOULD VOTE FOR IT BUT I DO NOT BELIEVE WE SHOULD REFRAIN FROM COMMENT ON IT IN THE IDA BOARD. GERMANY MAY VERY WELL BRING IT UP, SINCE IN BONN THIS WEEK AT IDA DONOR SESSION TO OBTAIN ADVANCE PAYMENTS TO KEEP IDA GOING BEYOND JUNE 30, FRG AID MINISTER EPPLER WENT OUT OF HIS WAY TO MENTION THAT THE EXPLOSION WOULD AFFECT FRG'S FUTURE POSITION AND CANADIAN AMBASSADOR INFORMED ME TODAY OF GREAT CONCERN OF HIS GOVERNMENT. I PROPOSE THAT WE HAVE THE U.S. DIRECTOR MAKE A STATEMENT ALONG THE FOLLOWING LINES:

INNER QUOTE: WE VIEW WITH EXTREME SERIOUSNESS THE THREAT

TO IDA ITSELF ARISING FROM VULNERABILITY TO THE CHARGE  
OF INDIRECTLY FINANCING INDIAN WEAPON CAPACITY- WE

RECOGNIZE THAT IDA LENDING PER SE IS NOT DEVOTED TO  
THE NUCLEAR TEST PROGRAM, BUT FINANCIAL RESOURCES ARE  
FUNGIBLE AND THE BASIS FOR CRITICISM EXISTS. WE WISH  
THE OTHER BOARD MEMBERS TO KNOW THAT THE INDIAN  
NUCLEAR EXPLOSION HAS RAISED PERHAPS THE MOST SERIOUS  
THREAT YET TO APPROVAL OF IDA IV REPLENISHMENT IN THE  
U.S. CONGRESS. WE ARE PREPARED TO SUPPORT THE PENDING  
LOAN, BUT WE BELIEVE PRESENTATION OF FURTHER IDA CREDITS  
TO INDIA SHOULD BE DEFERRED PENDING A FULL MANAGEMENT  
REVIEW OF THE RELATIONSHIP BETWEEN INDIAN NUCLEAR  
ACTIVITIES AND THE FLOW OF IDA RESOURCES TO INDIA,  
WHICH WOULD SERVE AS THE BASIS FOR A FULL DISCUSSION  
OF THE MATTER IN THE BOARD. WE DO NOT CONSIDER THIS  
SUBJECT A POLITICAL ONE OUTSIDE THE BANK'S COMPETENCE,  
BUT RATHER ONE THAT DIRECTLY INVOLVES THE ECONOMIC  
PRIORITIES OF A MAJOR IDA BORROWER. END INNER QUOTE.

H. ACTION REQUESTED. IN SUM, IT IS OUR ANALYSIS THAT  
A PASSIVE PUBLIC POSTURE NEXT WEEK WILL SERIOUSLY IMPACT  
ON OUR ABILITY TO TAKE A LEADERSHIP ROLE IN HELPING THE  
DEVELOPING COUNTRIES. IMPACT WILL BE FELT NOT ONLY  
VIS-A-VIS IDA IN PARTICULAR, BUT AS WELL IN RELATION TO  
VARIOUS UN AND RELATED FORUMS WHERE WE WILL FACE THE SAME  
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DILEMMA OF MAKING THE CASE FOR ASSISTING THE LDCS WHILE  
EXPLAINING AWAY THE EXPENDITURE OF SCARCE RESOURCES BY  
THE LARGEST OF THE LDCS ON AN ECONOMICALLY NON-  
PRODUCTIVE ACTIVITY. WOULD APPRECIATE INDICATION OF  
YOUR CONCURRENCE IN PRECEDING LINES OF ARGUMENT. YOU  
WILL RECOGNIZE TIME URGENCY PARTICULARLY ACUTE SINCE  
MONDAY IS HOLIDAY AND EVENTS FOLLOW IN RAPID SUCCESSION  
ON TUESDAY AND WEDNESDAY. END QUOTE.

2. THE VIEWS OF EB (ENDERS) AND NEA (SOBER) ARE AS  
FOLLOWS:

A. WE DO HAVE A PROBLEM ON IDA. LAST WEEK WE HOPED FOR  
A 2 TO 1 VOTE, WHICH WOULD CARRY STRONG MOMENTUM INTO  
THE HOUSE. BUT NINE OF OUR SUPPORTERS WILL BE ABSENT  
ON 29 MAY; THE INDIA EXPLOSION WILL HURT; AND THE  
LEGISLATIVE EFFORT IS WELL BEYOND ITS PEAK. THREE TO  
TWO IS THE BEST WE CAN NOW DO, AND THE VOTE MAY BE CLOSER.  
WITH CONGRESS OUT THIS WEEKEND, IT'S A HARD CALL.

B. WE BELIEVE SIMON AND HENNESSY SHOULD BE TOLD TO LIMIT  
THEMSELVES IN PUBLIC ONLY TO THE FOLLOWING THREE POINTS

(IF YOU AGREE, WE WILL EDIT THEIR STATEMENTS ACCORDINGLY):

1. WE KNOW THAT THE GREAT BULK OF INDIA'S NUCLEAR  
DEVELOPMENT TO DATE HAS BEEN FOR PEACEFUL PURPOSES INCLUD-

ING CONSTRUCTION OF POWER PLANTS ESSENTIAL TO ITS ENERGY  
NEEDS; BUT

2. NUCLEAR EXPLOSION RAISES QUESTIONS OF INDIA'S  
ECONOMIC PRIORITIES FOR THE FUTURE;

3. ALL AID GIVERS WILL WISH CAREFULLY TO EXAMINE  
EXPLOSION'S IMPLICATIONS.

C. IN OUR VIEW, USG SHOULD TAKE SAME POSITION IN IDA  
BOARD.

D. EB BELIEVES THAT IN PRIVATE SIMON SHOULD BE AUTHORIZED  
TO USE LINE IN PARA 6 OF HIS PROPOSAL. NEA DISAGREES,  
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BELIEVING SIMON SHOULD NOT BE PERMITTED TO GO BEYOND HIS  
PUBLIC STATEMENT.

E. PLEASE ADVISE. BROWN

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